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Review

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Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual rates of growth or variation signify compound annual rates.

Individual figures and percentages in tables do not necessarily add up to corresponding totals, because of rounding.

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Economies of difficult viability: an option to be examined

*Arturo Núñez del Prado**

Analyses of the regional economy are highly influenced by what happens in the large- and medium-sized countries of Latin America. However, there is a category of countries whose particular features have not received due attention nor interpretation.

It is essential to study and interpret such features, because in terms of their structures of production, distribution and accumulation, and also in their forms of overall economic management, these countries display special characteristics that justify equally special approaches. The classic indicators of economic performance cannot adequately reflect the realities of these countries. When a substantial part of their population depends on informal (and even illegal) activities, customary measurement criteria produce an appreciable degree of distortion. In several of these economies, the indigenous population represents a substantial proportion of the whole, and their forms of behaviour — particularly as regards consumption and production, education and health — fall within particular cultural patterns. Far-reaching adaptation of the general concepts on the quality of life are called for when dealing with these societies.

In the case of quite a few of these countries, their economic viability will be jeopardized if pre-crisis modes of development are insisted upon. This article suggests that the production of goods and services designed to meet basic needs and absorb labour is the central, dynamic core of the expansion process.

These thoughts and proposals refer principally to Bolivia, but it is understood that this country can be considered as a prototype from the point of view of the difficulties that need to be surmounted in order to guarantee the viability of development.

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The author wishes to note that he discussed several of the matters covered in this work with Ivan Finot and enjoyed the benefit of his analysis and comments.

I

Diversity and sub-periphery

Any effort to look into the future events that are likely to have an impact on the economies of the region provides a picture that is, to say the least, disturbing. Even if the most optimistic hypotheses about the trends of the central economies are selected, the beneficial effects of such trends do little to mitigate the problems faced by the region. It should be remembered that during these years of crisis problems have accumulated which have not been tackled, and they have resulted in very severe production and employment deficits, to say nothing of other high social costs which have had to be borne by a significant part of the region's population. Therefore, it is not just a question of recovering traditional growth rates, but also of facing up to a greater challenge: that of confronting the ever-increasing accumulated deficits and guaranteeing dynamic socio-economic performance in the future.

If a difficult future is augured for the region as a whole, particularly as regards exports and external financing, the future of the smaller and less developed economies seems even bleaker, and in some cases there are even doubts as to their economic viability if they continue to pursue conventional modes of growth and development styles that simply follow in the footsteps of the past. If, furthermore, one of the objectives is to bolster their democratic régimes were posed as an objective, this raises evident contradictions that put in doubt both their economic and their political viability. In reality, it must be remembered that in the early stages of democracy, the enjoyment of freedoms and rights allows the temporary postponement of economic demands that are more than justified. For a time, the hitherto neglected and repressed groups put up with the shortages in a weakened productive structure, concentrating instead on their enjoyment of the rights attained. After a time, however, such freedoms and rights become a normal part of the daily life and pressing demands for improved economic conditions come to the surface. The demands are incompatible with the resources available for meeting them in the

short run, and this gives rise to serious stresses in the political process. Such maladjustments weaken the capacity for political management still further, encumber government administration and hinder vital consensus.

Thus, the gaps between the most advanced countries of the region and nations of lesser relative development tend to grow. There is a risk that a sub-periphery will be formed within the periphery and that the scanty surpluses of the nations affected will tend to be transferred not only to the industrialized centres but also to the economies with the greatest weight within the region. It is worth remarking that quantitative extrapolations indicate that the trends observed today could solidify into imbalances

that can only aggravate the heterogeneity of the region.¹

It should be noted that the neoliberal currents observable in these economies, and especially the idea that maximum opening-up of the economy should be pursued at all costs, are a totally unnecessary condition which is more than enough to lead to a sort of segregation of the weaker economies.

If the aim is to modify these trends and instead follow a road in which economic viability and the consolidation of democracy are more than mere utopias, it will be necessary to consider new modes of growth and different development styles, at least for the economies whose economic performance seems to be stifled.

II

Economies of difficult viability

The category covers economies that, besides being smaller in terms of population and market, experience serious problems in the functioning of their socio-economic systems. Naturally, they have extremely low indexes of productivity, and this causes per capita income levels also to be very depressed. They suffer from very acute problems of structural heterogeneity, not only as regards their economic branches or activities but also in their spacial distribution and the composition of their populations. They also suffer from deficient economic linkages and very limited physical infrastructure. Their economic performance is generally explained by the behaviour of their external sector: they are basic goods exporters highly dependent on imports and, therefore, extremely vulnerable and decisively subject to the vagaries of external financing. Their social indicators reflect serious deficiencies in such areas as nutrition, education, health, social security, housing and employment, which lead to high indexes of infant mortality, while life expectancies are much shorter than those prevailing in the more advanced countries of the region. The fact that small privileged groups exist side by side with neglected majorities, with the needs of the former being sumptuous

ously catered for while the latter suffer the gravest shortcomings, gives rise to highly unequal societies.

It should be noted that these characteristics are not only valid for given countries; there are also spaces or regions, even within the largest and most advanced nations of the region, whose synergy is similar to that of economies of difficult viability. Although they naturally do not correspond exactly to the form of functioning of a complete economy or nation, they do reproduce comparable problems and obstacles and their future options may not be very different.

In general, the economies mainly dealt with in this article have attained a certain degree of economic expansion thanks to injections of finance from abroad or favourable conditions as regards the prices of their exports. As already noted, it is very unlikely that international capital will be attracted in the near future, whether in the form of direct investment or loans. It seems

¹ECLAC, *Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them* (LC/G.1488/Rev.1), document presented at the twenty-second session of the Commission, Rio de Janeiro, 20-27 April 1988. See in particular the tables of projections by groups of countries in Part II of the document.

more realistic to assume that these countries will receive only meagre amounts of external financing quotas and will have only limited export capacity, in view of their generally low level of international competitiveness. Should this be the case, their future development in conventional terms is far from being a certainty. They face an extremely difficult dilemma, with serious obstacles to growth on the one hand and urgent needs as regards employment and the production of basic goods on the other.

To make matters worse, their consumers—and not only the wealthiest of them—show a very marked preference for the imported goods which are not precisely vital, or for domestically produced goods and services which, according to market studies, would normally be purchased by the higher-income groups. The demonstration effect and the natural tendency to assimilate consumer patterns that imply greater "well-being", lead to a level and structure of demand that do not match the productive supply nor the import potential, nor, least of all, the wage level of substantial segments of the population.

In these economies, in general, the import substitution process is in its early stages and their degree of industrialization is more or less incipient. The trends towards the opening-up of trade limit even more their prospects for attaining greater and better articulation of their economies.

On the other hand, the need for a better insertion in the international economy, which is advocated and promoted as a key goal of a new economic approach, runs into obstacles that are very hard to overcome in the time spans

demanded by the consolidation of democracies. In fact, the struggle for external markets has become much more hostile, and in order to compete it is necessary to meet demanding price and quality requirements which economies of low productivity can only comply with after a long period of persistent effort. Such efforts must be made not only in order to sell goods and services on external markets, but also to confront the acute functional problems of that type of economy. In a context of justifiable demands by vast social sectors, it is very difficult for an export strategy—no matter how aggressive it may be—to become a dynamizing nucleus that promotes productivity while at the same time satisfying the urgent demands of the community.

The scarcity factor—especially as regards resources for investment—is a limitation that is difficult to overcome. One of the factors in the growth of these economies in the past has been their investment ratios equivalent to 15% or 20% of the product, mainly financed with external capital inflows or external indebtedness. In the foreseeable future, however, the likelihood of inflows of external savings is rather remote and, in any event, such flows will be much smaller than in the past. The need for economic expansion and the feasibility of achieving it certainly do not go hand-in-hand in the traditional form of functioning of that kind of economy. Consequently, they would appear to be confronting a difficult choice, with very limited leeway on the external front, an accumulation of deficits in food, housing and education, and masses of unemployed and underemployed whose needs cannot be put off any longer.

III

The problems of the conventional style of growth

The limited purchasing power of the domestic markets of these economies, which is chiefly explained by their low levels of income and sometimes their smaller populations, has hampered their industrialization processes. The scales of production compatible with the size of their markets are not in keeping with the absorption of modern technologies. It is very

common to find low-productivity industries using archaic technologies, and in those cases where there is an evident effort to modernize, the effective use of the installed capacity is very far from what could be considered a reasonable level of use of a scarce resource. There are few industrial activities that work more than one shift a day, and few indeed those that exceed two

shifts. It may be added that these activities generally depend on imported supplies for both equipment maintenance and the inputs of their productive processes. The industrial linkages are thus extremely weak and the spread of the technological process is limited to a few small nuclei.

Analyses show that the quality of these countries' products and particularly the useful life of industrial goods in general are not very satisfactory: thanks to excessive protectionist policies, high prices are charged for products whose quality does not reach international standards.

The deficient physical infrastructure, particularly as regards means of communication, leads to high transport costs which boost the consumer price of the goods produced beyond reasonable levels. A factor behind these high prices which has not been examined very much is that of the losses and waste observed in the distribution of products, especially perishable goods. Case studies show alarming discrepancies between the volume produced and the volume that arrives at supply centres. The amounts involved leave no doubt as to the importance of this factor, which is certainly something that cannot be tackled merely by better business management.

The policies of excessive and prolonged protectionism, whose purpose was to defend infant industrial activity against external competition, have succeeded in perpetuating a level of productivity that punishes domestic consumers through high prices and quality levels that sometimes leave much to be desired, while at the same time fostering illegal imports which aggravate still further the precarious situation of industry. In view of this, business initiatives have been directed mainly at producing goods for high-income groups which are capable of absorbing high prices, thus generating diversity in the industrial profile that results in small scales of production with their well-known effect on levels of productivity.

The consumers of these countries have developed patterns of conformity and low quality-consciousness that consolidate forms of industrial behaviour incompatible with the need to boost productivity. In fact, in these economies there is no competition to win markets: monopoly and oligopoly are the dominant forms of industrial activity. The consumer can hardly

exercise any influence through his preferences, since there is a lack of alternative choices and is consequently characterized by a sort of apathy as the final recipient of business inefficiency. It may be said that whole societies have become accustomed to putting up, through their sacrifices, with a system marked by economic improductivity and social injustice. The profit margins and wage levels are generally eloquent indicators of the violent contradictions inherent in economies of difficult viability.

The economic structure that has taken shape reflects that system and reproduces a spasmodic pattern of growth, stagnation and depression which is income-concentrating, vulnerable and unable to sustain its own development. Although the underdevelopment of the region as a whole displays the characteristics mentioned, it should be noted that in the economies dealt with in this paper these traits are much more pronounced and even dramatic, to such an extent that they cry out for another form of development which, by taking a different path, will overcome the vices of conventional development.

It should be noted that the economic agents, whether public or private, do not escape from this general problem of inefficiency, although of course there are some exceptions. Several of the countries in question are in the process of consolidating their nation-States: a process which has itself been retarded by the type of growth, mainly on account of its exclusive and non-participatory nature. Public enterprises and the administrative apparatus generally have been the victims of corporatist forms of conduct and political "clientage" which have hurt productivity and the capacity to generate surpluses. Tariff policy has lessened the profitability of businesses and has turned them in general into very weak entities with substantial financial deficits, always pressing for fiscal credit. In most cases, public management amounts to nothing more than juggling with constant postponements and seeking partial, short-lived solutions to problems.

Private enterprise is generally not exempt from similar assessments of its level of efficiency and fits in with the general pattern of underdevelopment. Business planning has an uncertain and normally short-term horizon, which favours trade and financial intermediation to the

detriment of productive activities. As the risks involved in the production of goods and services in the primary and secondary sectors increase tertiary activities expand beyond what is desirable and what the basic production would justify. It has been observed that in certain cases products go through five or six hands before reaching the final consumer, consequently to his and, of course, the producer's disadvantage.

The difficulties encountered by these economies in sustaining more solid growth favour the excessive growth of intermediaries, which acts as a safety valve for unemployment. The labour force grows more rapidly in these economies, not only due to population increase, but also because the low level of family income forces young people to seek jobs at an early age. The rapid expansion of these activities shapes a scenario in which speculation is rife, beyond the ambit of tax, social security, and even sanitary controls. In this way, an extremely weak economic structure and a highly distorted form of functioning of the socio-economic system grow up.

The small size of these countries' markets is not sufficiently attractive for transnational capital, and it is very rare to find foreign direct investment in activities that are not enclaves of natural resource exploitation or financial institutions and marketing agencies. As is well known, the activities of these economic units do not promote technical progress nor increased productivity in the rest of the economy. Although some may favour the collection of foreign exchange, others tend to promote the flight of scarce capital through over- and underinvoicing of imports and exports or outright transfers of revenue abroad. The net worth of the businesses of local residents, although the latter are often favoured by development loans, is not always in keeping with their overseas deposits or their personal wealth. Capital flight has become a major problem for these economies. It must be recognized that these forms of conduct become even more marked when the air of uncertainty and the absence of viable strategies preoccupy the minds of businessmen. According to the logic of private enterprises, businessmen cannot be expected to take excessive risks when the economy is following a path whose final result is unclear.

The ongoing shortages affecting these societies, the enormous magnitude of extreme poverty and the inability to absorb productive labour lead to forms of social behaviour that do not always foster solidarity. The struggle for survival becomes more intense and the contradictions and inconsistencies damage social cohesion and stand in the way of achieving consensus on general political projects.

It is not strange that these countries should swing back and forth between different strategy options without success. Most of these options merely favour political differences and do not always represent in-depth proposals for transformations in the economic structure to make it the basis for more equitable societies. The political proposals are of a rather superficial nature and are made in a voluntaristic and eminently declaratory way, while their abandonment naturally leads to a sense of frustration.

It is not difficult to imagine how much worse the situation of these economies is and how much more uncertain is their economic future, now that the crisis has hit the region. This phenomenon has exploded on these economies not only with great violence, but has also affected nearly all spheres of production distribution and accumulation. Extreme poverty extends over a large percentage of their populations. The satisfaction of vital needs is in greater peril than ever before, open and concealed unemployment has expanded, in some cases to an alarming extent, wage levels have suffered downturns that are difficult to bear, and the imbalances between the deprived majorities and the privileged minorities sharpen.

The economic growth of these economies has been very expensive in terms of investment, even in periods of relative normality. Just think how much more expensive it must be, however, in times of crisis, shortages of external financing, deterioration in the terms of trade and great uncertainty for productive activities. Although the magnitude of their foreign debt is not so great that their default would affect the international financial system, the servicing of this debt absorbs a high percentage of their exports. Indeed, several of these economies have ceased to comply with that commitment but their creditors have not inflicted any reprisals on them,

beyond limiting their exposure in such countries. Nevertheless the debt problem in these countries does not have the same connotations as in the large and medium-sized countries of the region. The problems affecting the economies of difficult viability are more in the sphere of their productive systems and their overseas trade.

Insisting on the forms of growth of the past would mean opting for a dead-end street. As already noted, it cannot be expected that external financing will become available in the necessary amounts to revitalize economic activity and cover the deficiencies of the productive apparatus once again. Nor does it seem reasonable to

expect that the prices of their exports will undergo spectacular rises and generate the surpluses that these economies need. It would seem more realistic to admit that the external outlook will be extremely unpromising and, on that assumption, to look for new kinds of economic expansion. It will also be necessary to admit that the most pressing deficits in these economies concern the production of vital goods and services that at present reach only a minor fraction of their populations and the need to provide productive employment for the labour force, which is suffering from alarming levels of unemployment.

IV

Principles of a different type of development

Once the special features and principal restrictions of these economies have been identified and their main problems placed in order of priority, among which unemployment and the failure to meet basic needs must occupy leading positions, it is possible to sketch out the main lines of a new type of development. Thus, the principles that serve as a foundation for this proposal would be the following:

a) *Selectivity*. A very rigorous selection of the activities meriting support from government policies is absolutely imperative. It is clear that there can be no question of repeating the attempts to expand global heterogeneous production, including activities that generate luxury goods and services, those which, while not forming part of conspicuous consumption, are certainly dispensable, and those which though necessary, cannot be described as indispensable in the current critical circumstances. In fact, when a rigorous selection is proposed, this is because the existing restrictions allow of no size variables: there must be total respect for the concept of scarce financing and foreign exchange availability. These limitations make it necessary to discriminate between what is necessary and what is absolutely indispensable, and there will be no other recourse than to shelve anything which, while essential in many respects, is not

absolutely indispensable for sheer survival. Selection guidelines must go to this extreme if absolutely vital products and services are to reach the population as a whole within deadlines that cannot be extended.

b) *Austerity*. Directly related with the foregoing principle is the need to bring down production costs in areas where these are excessively high. The dimension of the plant used, the appropriateness of the technology, intensive use of capital, and the maintenance and prolongation of the useful life of installations are among the requirements that must be fulfilled in the productive process and investment of the surplus. Superfluity is not limited only to the sphere of consumption, but also exists in production and accumulation.

c) *Efficiency*. The need to boost productivity calls for the greatest responsibility, above all from the human resources. Although there are serious problems of education and labour qualifications that demand long-term efforts, there is room for a considerable leap forward to be made through the use of suitable personnel administration and management policies, sounder business planning, better co-ordination mechanisms, information systems that give timely details of the main intentions and measures in matters of national, sectoral and

regional interest, etc. The defaults, delays, rectifications, constant comings and goings, and even errors of management in both the public and private sectors are problems so often repeated that any attempt to improve productivity must tackle them firmly from the start. Furthermore, in this sphere social censure is usually inoperative, either because of lack of information or frustration and apathy in the face of the constant recurrence of these vices.

d) *Equity*. Just as sacrifices must be shared in direct relation to income levels, increases in the product must be distributed following an inverse relationship. The massive scale of extreme poverty immediately provides a set of priorities in line with the principle of selectivity and clearly indicates who the principal beneficiaries of the fruits of progress must be. A more equitable society in these countries can hardly be the result of aid policies or so-called emergency funds, which only attenuate for a short time and on a very limited scale the excessive sacrifices of the poor. An in-depth solution must necessarily lie in the productive sphere. It will depend on what is produced, how it is produced and for whom it is produced, just as the basic texts on economy say.

e) *Consensus*. A meaningful change in the type of growth requires a broad consensus in the

community on the need to alter courses, followed by a generalized agreement on the direction of the change, in which the production of goods and services to meet basic needs and absorb the labour force is recognized as the key goal of the development policy. The bitter "distributive struggle" in these societies must give way to solidary consensus on an equitable distribution of benefits and sacrifices. The mixed nature of these economies calls for public and private initiatives: consensual actions where discussion and negotiation among social and political groups, as well as economic agents, is the mechanism for assigning responsibilities in the formation and distribution of the surplus. As will be seen further on, a new concept of planning can provide the technical foundation necessary for consensus and become the point of convergence of the actions of the different agents. In these countries, there is an increasing awareness of the need for political agreement among the social actors in pursuit of a viable solution that guarantees the strengthening of democracy. It has become clear that intransigent stands have no future and jeopardize the political achievements that are in the process of consolidation. Despite the misfortunes that it occasions, the crisis does promote maturity and broadens the field for the convergence of interests.

V

A new type of growth

The chief feature of the new type of growth is the priority given to the production of a very limited number of goods and services for meeting the main basic needs. The evaluations of economic viability, particularly with regard to the availability of resources for investment and imports, mean that only a very limited variety of products and services can be included in this nucleus of the economy, which we will call the "essential area". In other words, the essential area will be made up of a very rigorous selection of items to meet vital needs in food and clothing, education, health and housing. The principles of selectivity and austerity demand the establish-

ment of rigorous priorities regarding what is truly indispensable.

When defining this "basic basket", which is the final exponent of the essential area, the natural tendency is to make it up of a variety of goods and services which always turns out to be over-ambitious.² The first calculations on the necessary resources for investment and imports force cuts that at the start are frustrating. Quite apart from these constraints, an estimate of the time

²Office of the President of the Republic, Bolivia, *Plan Nacional de Rehabilitación y Desarrollo 1984-1988*, La Paz, 1984. See especially the treatment of the essential area.

spans within which the production of this basket could reach a level sufficient to meet the needs of the entire population also rapidly counsels a stricter selection. Thus, by a process of elimination, a food basket will be defined which, at the beginning, will contain no more than 15 to 20 items, so that adequate expansion of their production is feasible within a relatively short time. Of course, this selection must be compatible with the minimum vitamin, calorie, protein and fibre requirements laid down by food and nutrition standards, as well as with the idiosyncracies and cultures of the respective communities. In most of the economies of difficult viability, the bulk of the activity in this area will be related to agricultural and agroindustrial production, which meets basic needs, absorbs labour and, moreover, keeps peasant populations in rural areas.

Using similar procedures, definitions will be made for the clothing, education, health and housing areas. In the services sectors, of course, other complications arise that are easier to anticipate, and a less quantitative discussion is needed. At all events, definitions are also made through a series of eliminations for basic education, indispensable health services and minimum housing requirements. The consideration of how much accumulation is needed and when it should be effected also moderates natural concerns and means that there is no place for demagogic stands.

The set of activities that are not identified as being in the essential area, but which are indispensable for its growth, will make up the complementary area of the economy. The production and importation of capital goods and inputs necessary for implementing essential production, together with export, transport and basic infrastructure activities, will be the components of this second area of the economy. Naturally, the precise definition of these items is more difficult, above all when identifying the use to be made of a given good or service. The energy to make bread cannot be given the same treatment as that used to warm a swimming pool. Tax and tariff policies must play a decisive role in assessing the value to be given to these types of goods and services, seeking to favour essential production and its linkages and raise the cost of their use for luxury and non-essential ends.

The rest of the activities will comprise the subsidiary area of the economy, which will be left to its own efforts and resources. It will undoubtedly include the production and importation of non-essential and even non-necessary goods, but only through the use of resources generated in this area.

In the final analysis, the idea is that the motor of socio-economic activity should be the accelerated expansion of the essential area and of the activities needed for such expansion. The heart of this development policy, as already noted, is the satisfaction of basic needs and the productive absorption of the labour force. That is the objective to which all decisions on production, export, distribution, investment and the selection of technology must be subordinated. Contrary to other current proposals, in which top priority is given to the export effort, or a combination of priorities is assigned to this objective and to the need to modernize the domestic productive structure, the proposal made here puts emphasis on essential production and on the absorption of labour as fundamental goals on which all the other sequences and linkages are based. Thus, for example, the achievement of those fundamental objectives will determine what imports are needed, and this will in turn determine the necessary exports. The allocation of resources for domestic production and for increasing the export base will depend on the fulfilment of the fundamental goals.

The accelerated expansion of the essential area, although implying the generation of revenue and increased demand, does not exempt economic policy from the need to make income redistributions that complement those inherent in this type of growth.

All support from official policy must be channelled towards the essential and complementary areas. The participation of private capital is paramount, particularly in the production of goods, and it must be recognized that its performance will be determined, as is obvious, by the possibility of making profits. The amount of such profits may be the subject of discussion, consensus and compatibilization with wage and reinvestment policies; excesses may be avoided, but the fact that capital is motivated on the basis of profits must be recognized by the price and tax

policy. There is no other way to arouse investors' interest and boost the productivity of investments. Moreover, the fact that profits are obtained by producing essential goods and services and absorbing labour will be much more pleasing to the community than profits made by manufacturing luxury items and resort to capital flight. The legitimacy of the participation of private enterprise means that this proposal carries with it the basic idea of consensus, unlike others in which such participation is ruled out in certain priority areas.

As the goals of putting the "essential basket" within the reach of the masses are gradually being achieved, the scope of the project and even the volume of each good or service should be expanded. In other words, the idea is not to establish a "basket" that is rigid and invariable through time; on the contrary, in view of the strictness of the initial selection, and in the light of the results being obtained, it is only natural that the basket should be given greater coverage as regards the number of goods and services it contains, the respective quantities, and the levels of quality.

Once the initial "essential basket" has been set up, the first step is to determine the existing deficits in each of the goods and services that it contains, as the difference between the volume produced or imported and the population's real needs. The ideal situation would be to determine these deficits according to income categories, since, on the one hand, the groups with the highest incomes will undoubtedly show a surplus, while on the other, the scarcities will affect more than half of the population. The surpluses are explained not only by higher consumption, but also by high levels of waste.

The historical rates of increase of the production of these essential goods and services, population growth, and income distribution trends will permit the projection of potential deficits, the size of which, in turn, will demand an unavoidable change in the type of growth of the economy.

The next step will be to identify and quantify the production functions of each essential good and service. By establishing the inputs and capital goods needed, whether national or imported, it will be seen that only a minor part of economic activity is linked to that type of production, while

it absorbs an appreciable portion of the labour force, generally at very low levels of productivity. The production functions can naturally be simulated on the basis of the use of alternative technologies; their evaluation in terms of costs and results will facilitate the modernization of the productive apparatus and help boost productivity. Thus, the definition of the essential area also allows the selection of technologies, while determining the right direction of changes in the productive structure.

As is obvious, the production functions for essential goods and services, as well as their quantitative goals over time, will determine the investment projects that must be designed and evaluated in the light of the use of alternative technologies. It should be noted that the right instruments for obtaining a solid frame of reference are simulation models in which there is a breakdown of the pertinent products.

This quantitative exercise will provide clear indicators of the economic viability of this option. In fact, the necessary imports of inputs and equipment and the amounts of investment involved do not come to unattainable sums. Certain kinds of infrastructural works for irrigation, energy and transport may cost considerable amounts, but in general, given their relatively long lead times, they do not demand immediate large disbursements and are spread over time. Quantitatively verifying that the essential food basket could reach the entire population in a period of six to eight years, with an annual average investment that will not exceed 8% or 10% of the product and with imports that do not demand external financing, is certainly a possibility worthy of very serious exploration. If, furthermore, it is borne in mind that this type of development absorbs the largest amounts of labour, it will be concluded that in the face of a conventional type of growth that is now economically unfeasible, this option could be a solution that is also politically viable. It should not be forgotten that the consolidation of democratic régimes requires a drastic reduction in extreme poverty, which means producing certain goods and services while at the same time increasing job opportunities.

An option of this sort would also have to contemplate some redistribution of the population through programmed internal migrations.

In those countries where there are very uneven population/land relationships reflecting on the one hand densely populated areas and, on the other, nearly empty regions with great potential, the occupation of the territory should not be the result of isolated, spontaneous acts, but a response to a deliberate aim of the development policy. In the case under analysis, the expansion of agriculture and agro-industry demands mature consideration of the spatial distribution of the population.

With regard to the adaptation of technology and the possible development of domestically-produced technologies in these economies of difficult viability, efforts should be concentrated on the processes used in the essential and complementary areas. Diversifying efforts only leads to shortcomings and to inadequate achievements, and it soon becomes evident that such attempts were unsuccessful and left very meagre results. In this sphere, too, the principle of selectivity must be strictly respected, in the knowledge that there will be fields that must consciously be left aside, only to be tackled when conditions improve in the future. When there is a shortage of resources, there is absolutely nothing to justify

the continuation of a highly diversified technological process, with the results already known. Concentrating on a limited technological spectrum, however, can yield better fruits. As the industrialization process becomes more vigorous, its own dynamic will provoke a chain of modernization.

Special emphasis will have to be given in these economies to a reassessment of the processes of integration. There is a clear understanding of the factors that impeded significant achievements in the past, and it seems necessary to examine new modalities. In this respect, economic complementation with neighbouring countries, the identification of geoeconomic spaces that could permit balanced trade, and the creation of binational projects could give rise to new proposals in this sphere. There can be no doubt that this subject, which is of vital importance in devising a type of growth that meets basic needs, deserves in-depth research and a rigorous evaluation of the options for economic complementation. The generally small size of the economies of difficult viability requires research into new trade formulas as a key component in securing greater economic growth.

VI

The adaptation of planning

A change in the course of development as proposed here assumes a delicate combination of State and market intervention, of public and private property, of social and individual logic: in short, of the conciliation of interests and national accords. Nevertheless —without this implying any restriction of private enterprise— it is necessary to recognize a form of leadership in public activity that orients the conduct of the different agents. This proposal would have to fit within a political project of society and, as such, corresponds to government management supported by a majority consensus. As a political project, it implies the reappraisal of one of the mechanisms consubstantial with such a proposal: planning.

The rocky road travelled by most of the region's economies during the present decade

gives rise to some thoughts on the conceptual substance of planning and its application. As an instrument for government management of the socio-economic system and as a focal point for the meeting and convergence of the behaviour of the different agents, it is subject to evaluations and proposals that warrant broad and thorough discussion. As a method for achieving coherence and "optimization", there must be unavoidable adaptations. The problems which the crisis has brought with it, and the so-called "technological revolution", have effects that any proposal for renovation in planning matters must take into account.

It has already been said that in developing mixed economies, the dichotomy between planning and the market is a false dilemma. It has been held instead that the real dichotomy is

between planning and uncertainty.³ As the problems existing in the region cloud the horizon and the conjunctural policies of trial and error are repeated with monotonous regularity, new proposals that reduce uncertainty and point to concrete options will be demanded. To plan or not will be less and less an ideological debate when discussing underdevelopment and examining the possibilities for overcoming it. Ideological antagonisms will appear in the examination of the content of the different options, but if they are presented with rigorous accuracy and the existing restrictions are heeded, then the relevant consensus can emerge.

There can be no doubt that the planning efforts undertaken in previous decades, although registering certain types of achievements, have not given the results expected, and even less so in the times of crisis afflicting the region. Although there seems to be no question as to the need for planning some parts of the content and methodology of planning are not appropriate for providing answers to the existing problems. Discussions should be held on how to plan now, in the light of the existing problems and the needs hindering the management efforts of governments.⁴

In economies of difficult viability, the renewal of planning also has its special features. Below, some reflections are put forward with the aim of putting together an agenda for the review and discussion of items concerning a new course for planning, particularly in the economies dealt with in this work, one the understanding that the underlying idea is to divert the type of growth primarily towards the satisfaction of vital and indispensable needs.

1. *The planning body*

A generalized phenomenon in economies of difficult viability during recent times has been the persistent weakening of the planning body, both as regards its institutional structure and its

weight in the decision-making process.⁵ Government management has been almost totally monopolized, with a few rare exceptions, by conjunctural concerns and short-term economic policy. The medium- and long-term view that characterized these bodies has not been a central concern of governments, and increasingly the view has been gaining ground that rather than looking at horizons far off in time, it is necessary to correct the monetary and balance-of-payments imbalances. Disciplining inflationary outbursts, promoting an export mentality, and restricting imports were and still are the goals that dominate the attention of government management. It is well known that persisting with these policies has the eventual result —although this is not the intention— of committing the country's economy to a particular course not only now but also in the future. At all events, the planning bodies have not always been recognized as having faculties at this level of economic policy and a sort of "downgrading" of a position that had already suffered some previous deterioration was almost natural. However, the explanation for this relative loss of specific weight must be complemented with another factor: the de-actualization of proposals involving strategies and plans based on conventional approaches that did not respond directly to the problems that were eating away at these societies. The proposals began with a qualitative discourse about the economic dynamic, external vulnerability, dependence, income concentration, etc. The only concrete items were estimates of the growth rates of the global, sectoral and regional product and the sizes of the gaps and macroeconomic imbalances. In short, an enormous gap grew up between these proposals and the problems afflicting the region's populations, thus inhibiting participation and the acceptance of responsibilities.

In this process of weakening or denaturalization of the planning bodies as such, either there has been a brusque change of approach, with their concern being centered on current, immediate problems, or else their most capable offi-

³Alfredo Costa-Filho, *La democracia frente al reto del Estado eficiente*, paper presented at the First Latin American Meeting on Economic Planning and Public Administration, Buenos Aires, 23-26 September 1987.

⁴Carlos A. De Mattos, "The State, decision-making and planning in Latin America", *CEPAL Review*, No. 31 (LC/G.1452), April 1987.

⁵ILPES, *Cooperación e integración regional en la reactivación y en el desarrollo: el papel de la planificación*, paper presented at the Sixth Conference of Ministers and Heads of Planning of Latin America and the Caribbean, Havana, 23-26 May 1987.

cials have been transferred to organisms directly linked to short-term management. Either way, these bodies have turned their backs on the subject of development and planning *per se*.

If, in these economies of difficult viability, it were decided to shift the type of growth in the direction outlined in the foregoing pages, profound changes in the functions of the planning body would become inevitable, naturally giving it a clear status within the public apparatus. Needless to say, the first task under these changes would be to reconstruct the planning apparatus through the recruitment of the top planning experts of each country. Rather than merely increasing their number, the idea would be to form a select group of professionals of proven intellectual background, with a clear talent for dialogue and discussion, acutely aware of the realities of each country and convinced that the achievement of consensus and agreements has become a basic requirement for the success of national political projects.

The true status of the planning body derives not from its location in the organizational pyramid of a government, but from the excellence of its components and the importance of the functions that it performs. Small planning bodies can have a high capacity to mobilize discussion of the crucial points in an economic policy, a strategy or a plan and thus become a vital nucleus in the decision-making process. Simultaneous attention to the short term in an ongoing effort to make the progress of the economy compatible with pre-established medium- and long-term goals is an unavoidable part of the attempt to reduce uncertainty and overcome the crisis.

The well-known functions that are customarily listed as typical of a planning body would have to be adapted to the circumstances that the economy of difficult viability is passing through and the changes that would affect its type of growth.

2. Consensus

The guiding principles of a new type of development—selectivity, austerity, efficiency, equity and concertation—generate tasks for the planning body that require strict supervision of their fulfilment in each of the evaluations of the prop-

osals under consideration. Both in evaluating projects and in appraising economic policy measures, in general it would be necessary to examine the degree to which the principles are respected and the ways in which they may have been violated. Decisions on what is essential or dispensable, the dimensions and alternative technologies of a project, business and social cost-benefit relations and the degree of consensus or disagreement call for clear arguments by the planning body, and this requires rigorous economic calculations and well-thought-out qualitative analyses. Only on these bases can the planning body give adequate technical support for the consensus, which in this proposal acquires priority importance.

As already mentioned, the harsh realities that these economies are living and the imperative need to find a solution have given rise to a greater inclination towards co-operation and consensus among the economic agents, social groups and political parties. Understandings that were unthinkable a few years ago seem to be feasible today; antagonisms seem to be giving way to understandings and concessions. Dialogue and discussion seem to be coming to the fore as a response to the threat of prolonged economic stagnation or even decline. Nevertheless, these rather spontaneous inclinations do not have an organic, systematic channel in which to run. It is the very society in these economies that is demanding a planning function that could be extraordinarily fertile if it were to become permanent: that of acting as the centre of discussion, evaluation and convergence as regards the consolidation of development policies.

With regard to co-operation and consensus, at least two levels should be distinguished: business/labour and political. On the one hand, there is the need to reconcile the interests of entrepreneurs and workers; on the other, the need for agreement among the most representative political groups. The subject of these meetings cannot be limited merely to economic growth rates or investment coefficients, of course; it will also be necessary to take a stand on much more concrete variables such as wages, prices, employment, productivity, profits, production goals for particular goods or services projects and their economic and social impacts, financing, etc. In past efforts to generate agreements, the discussion

has been dominated by political struggles, often of a sectarian nature, in which it was easy to anticipate unsuccessful results. When discussions on concrete variables have been promoted and scarcity constraints have been taken into account, the positions taken have been much more serious and have come much closer to understanding. The circumstances have given rise to more mature attitudes, and there is an increasingly correct interpretation of economic problems and social phenomena. Economic calculation and the search for common ground reduce excessive politicization and compel responsible stands.

3. The generation and evaluation of options

In the countries of the region, and especially in the relatively less developed ones, there is an appreciable number of project ideas and profiles, as well as a large variety of economic policy proposals. However, there continues to be an acute lack of fully formulated projects with their respective evaluations in terms of their direct and indirect impacts on the fundamental socio-economic variables. Likewise, the many economic policy proposals which exist are only broad concepts and are not accompanied by any evaluation of their impacts on the socio-economic system.

A continual function of a new type of planning would seem to be that of supplying a methodology whereby those preliminary proposals could be processed in order to determine their viability and consistency through a primary test before embarking on a more exhaustive study. The existing pre-investment mechanisms involve high costs and are not completely in keeping with the principle of selectivity proposed in this study. The easy access to modern information processing technology would make it possible, through simulation models, to design adaptable, inexpensive methods for assimilating ideas, than evaluating them, and finally developing or rejecting them after closer study. An inventory of the investments made in these countries makes it very clear that some of them should never have been made, or else were implemented at the wrong time and in incorrect

amounts. On the other hand, projects that today demand urgent financing were ignored in the past, at the same time that investments were made which are now judged as being erroneous. A methodology designed in the direction outlined here would also have the advantages providing transparency in the adoption of decisions, promoting healthy social criticism, and dissipating the illicit pressures that often tend to disturb decision-making. The evaluation of the technological options associated with each project should receive special attention.

Something similar could be envisaged for the evaluation of economic policy proposals, although it must be acknowledged that in this field —much more than in that of projects— there is no single test model, just as there is no single interpretation of the functioning of the socio-economic system. Nevertheless, if such evaluations were explicit and were carried out with technical strictness, the assumptions would be clarified and the discussions between the opposing sides would centre on substantive aspects, thus giving the resulting decisions greater solidity.

4. Planning priority areas of action

In the particular case of the economies dealt with in this study, planning —overall, sectoral and regional— must also discriminate between the essential and complementary areas and the subsidiary area. Indeed, the principle of selectivity demands that the planning process should be concordant with the essential and priority aspects.

In the case of the essential and complementary areas, it is possible to consider a methodology that combines planning for each of the products and services included in the basic "basket" with planning for the entrepreneurial units that comprise the complementary area. The rigorous selection of essential goods and services makes possible detailed consideration of each of them, and their production functions help to identify the respective linkages within the economic structure. Access to modern computer science makes it possible to work in as detailed a way as desired, and in view of the small

number of goods and services to be examined in detail the collection of the necessary information does not create insurmountable problems.

It must be stated emphatically that in this type of economy, in order to guarantee greater levels of efficiency and productivity and more effective forms of participation and co-operation, it is essential to work at a disaggregated level. Thus, the examination and discussion of concrete subjects must be part of the debate and the dialogue, and this will enable the different agents to assume responsibilities and participate effectively and not just formally in putting together the development policy and applying the plans.

Planning that identifies products, specific services and economic units obviously facilitates a rigorous linkage between the real and financial spheres (that is, production and investment) and financing, incomes and prices. Thus, it is possible to shape a methodology that permits the planning of the true priority areas. This is not to say that the rest of the economy is not planned; the point is that the proposal centres on a different and more disaggregated type of planning for the essential and complementary areas. Just as, with the passage of time and the achievement of goals, the basic "basket" can be enlarged, so this disaggregated planning will cover a larger number of goods and services, in a gradual process of expansion and fuller coverage. Behind this proposal lies a partial concept of optimization in which the "criterion" function is strongly conditioned by the satisfaction of basic needs and the absorption of labour. This partial concept of optimization is proposed deliberately, because the constraints due to shortage of resources, which must also incorporate the time factor in order to confront the acute problems, imposes a requirement of viability and an ethical objective of the pursuit of equity.

This undoubtedly involves a significant modification of the conventional work of planning bodies. Besides considering sectors, branches of activity and regions, the proposal to identify products, services and enterprises as a way of guaranteeing the fulfilment of a development policy also responds to the aim of transforming the planning apparatus into a key tool of the decision-making process.

5. *Planning as a management tool*

As noted in previous pages, one of the typical problems of economies of difficult viability is that of management in the public apparatus in general and in the government in particular. Very limited organizational capacity and inefficient functioning of the administrative bureaucracy are notorious and generalized features of these economies. Although similar assessments also apply to the private sector, it is in the public sphere that planning can perform a more direct function as a management tool.

The broad political consensus occasionally reached in these countries have run into serious deficiencies of management *per se*. The capacity to govern, of which socio-political agreement is a basic component, has tended to suffer upsets caused precisely by difficulties in executing and implementing those fundamental political agreements. This aspect of government management has suffered from a sort of neglect among the concerns of government, and it has been assumed that the public machinery will automatically accommodate to the mass of laws, decrees, regulations and ordinances, responding without fail thanks to the vitality of the national political project. Later analysis of the problems that such projects have confronted, however, reveals that management weaknesses have been a substantial obstacle.

The increase in management ability is not, of course, the exclusive result of a government's political will and strength, even in authoritarian régimes. It is a gradual, difficult process connected with the training of human resources, proper organization of the public apparatus, and the mature exercise of social criticism. Naturally, in these economies the existence of a plan is an unavoidable requirement for avoiding improvisation, duplications and contradictions and incorporating the attributes typical of an efficient public administration. Nevertheless, conventional planning in these countries has been unable to contribute to the improvement of management ability, principally because it has been characterized by a high level of abstraction. Once the requirement of co-operation around a development policy is fulfilled and a viable strategy and plan are accepted, it is still necessary to guarantee their execution. A form of planning that identifies products, services and economic

units has greater prospects of assigning specific responsibilities and, hence, of demanding the fulfilment of concrete goals. There can be no doubt that if a planning process takes place within a framework of solid socio-political co-operation and a genuine participatory exercise, the execution of the different types of plans will once again depend mainly on the type of variables and their disaggregation. The customary incoherencies in government management are not easy to identify, and much less to put right, when only working with macrovariables. It therefore seems extremely useful that one of the functions of planning be precisely that of enhancing management ability, establishing concrete goals and responsibilities and periodically supervising their fulfilment.

The long-standing but increasingly topical subject of decentralization is of foremost importance in these economies. Indeed, if stress is placed on co-operation and participation for a new type of development, reform of the State machinery and the concept of decentralization and regionalization are consubstantial with that objective and with the democratization of the economy.⁶

The concept of disaggregation does not only mean differentiating between products, services and economic units, but also establishing time-units that are not necessarily annual. There will be variables for which annual information is appropriate, but there will be others—both quantitative and qualitative—that should refer to quarters, months, weeks and in some cases even days. The application of a plan can be evaluated in terms of the fulfilment of the respective paths of the variables that comprise it, and in the final analysis this assumes a form of government management in which co-ordination, coherence and efficiency are achieved through planning.

6. Forecasting

This is, of course, a traditional planning function. However, when considering the particular problems of these economies, the term "forecasting" may warrant some qualifications. To

begin with, it is necessary to anticipate the effects of the current technological revolution on these economies: product substitutions, price variations, new technological processes that can be incorporated, forms of obsolescence that can be foreseen, the launching of new products, etc. The need to build dynamic comparative advantages demands timely and searching studies and investigation of technological processes before embarking on commercial-scale production. Clearly, the identification and construction of this type of comparative advantage is not a spontaneous process, as largely occurred in the case of natural resources endowments. Nowadays, this calls not only for imagination, but also for much more research and less passive conceptions of foreign trade; the idea is to build advantages on the basis of real resources that have not yet been exploited and that the new technologies could make profitable. Take for example the extraordinary potential of natural medicines in the Andean countries: tourism for pleasure may give way to tourism for health. The basic idea is to gather information on future events that can affect the economic performance of these countries. It would be very difficult to cover the entire range of technological development in a timely manner, but it would be prudent to make a selective effort to examining whatever could affect the main exports and imports, and especially ways of exploiting and using the country's own resources. There have already been significant technological changes in the sphere of agriculture and agroindustry. Nevertheless, because of its importance in a strategy designed to meet basic needs, and in view of the very promising achievement in biotechnology, especially in genetic manipulation, a serious and careful examination of the real potential of these advances in a given economy must not be postponed. The concept of forecasting must be oriented in this sense and not only in terms of the evolution of the international economy.

7. Communications

Any examination of the way in which types of growth and styles of development are shaped in economies of difficult viability will assign decisive importance to the use of the mass media. On the basis of the principle of free enterprise and

⁶Sergio Boisier, *Decentralization and regional development in Latin America today*, CEPAL Review, No. 31 (LC/G.1452), April 1987. See especially section III.

freedom of the consumer, market behaviours are moulded in a way that, in the final analysis, is almost compulsive. This subject has been widely discussed and further comment is unnecessary: a study has already been made which talks of an "information economy" and addresses its development and its implications for the productive apparatus and social conduct.⁷

Any attempt to modify the prevailing style must face up to this crucial problem. There is no doubt that this is an extraordinarily complex and highly controversial subject. It is easy to see the resistance that can be aroused by any effort to discipline the unfettered market manipulation going on in these economies.

In the past, emphasis has been placed on the need for massive dissemination of the content of plans in versions intended for the layman, as a way of creating an awareness among the population about their goals, and often with the aim of arousing reactions that will encourage participation. In reality, the cases where there has been some success in this aspect have been those in which the information thus disseminated gave concrete details of variables directly indicating those affected and those benefited. Without questioning the advisability of these procedures, it must nevertheless be agreed that they are insufficient and even ineffective when what is sought is to change the development style in the direction outlined in this work. In the face of an ongoing and overwhelming campaign to promote the consumption of new goods and services (almost always unnecessary in societies where the poor form the greatest number), such efforts are in vain.

Among the functions which planning must fulfil in these economies and for the purposes mentioned repeatedly above, one of the most important is that of establishing norms to regulate abuses. In this connection, some measures worthy of more detailed examination have been suggested, such as significantly raising the advertising and publicity costs for dispensable items, to the direct benefit of action to satisfy basic needs. The fact that the economies in question are mixed, so that private enterprise has an

important role to play in them, means that consideration should be given to regulations of a balanced nature which respect the creativity promoted by the market and its inherent mechanisms while on the other hand avoiding excesses and distortions that run counter to what is vital and equitable.

8. Other functions

The adaptations of planning functions described above also imply changes in functions that are more related to planning methodologies and techniques. Economic calculation and the achievement of coherence in spatial, temporal and sectoral matters and in the real and financial spheres must be modified in the direction of more disaggregated work in the essential and complementary areas, respecting the principle of selectivity.

The subsidiary area, although not warranting the priority attention of planning, cannot be ignored either. Although it is predominantly influenced by market laws, it is vital to take its evolution into account, inasmuch as it weighs heavily in the general economy. It should be remembered that the essential area consists, at the beginning, of a very selective group of goods and services, and its limited initial share in the economy means that the subsidiary area has a significant presence.

With regard to the complementary area, those activities linked directly to the essential area also deserve priority attention and disaggregated treatment of their main variables. It should be borne in mind that this area generates goods and services for both the essential and, the subsidiary areas; for this reason it is necessary to identify the main economic units in it, so as to achieve the goal of planning by enterprises.

The review and control of the execution of plans will also undergo some change from traditional methods. In the most conventional planning, this function was generally performed on an *ex post* basis, in a very partial manner and without this providing useful information for promoting rectifications. The differentiation of areas, products, services and business economic units permits a more detailed review of the progress of such variables. The divorce, so often

⁷Instituto para América Latina (IPAL), *Comunicación y desarrollo*. José Antonio Mayobre and Rosario Elías (comps.), Lima, 1987.

denounced, between the intentions of plans and the actual economic policy actions taken can be perceived in a very timely manner, either in order to confirm the original intentions of the plan by discarding management measures which infringe it, or to rectify the courses planned as a consequence of the adoption of economic policy measures.

This means identifying the "nerve centres" in the fulfilment of the plan and the variables through which it is possible to detect the most serious divergences, so that the supervision and

control function can be more in the nature of anticipation than *ex post* observations.

In the special case of economies of difficult viability, because of the weaknesses in their systems of production and administrative management, successive rectifications and repeated trials are to be expected in the early stages, as part of a gradual learning process. Consequently, the plans will have less of the character of texts and more that of tables with quantitative and qualitative data that better reflect the objectives and the degree to which they are being fulfilled.

VII

A final note

When the basic ideas contained in these pages were discussed with other professionals concerned about development, they came to the nearly unanimous conclusion that, in fact, little was known about the special features of these economies. Indeed, it also seemed to be generally accepted that certain topics —because of their importance for the large- and medium-sized countries of the region— tend to dominate general interpretations of development, obscuring the interpretations that would correspond to the economies of difficult viability. Situations as determinant as the incipient import substitution process that characterizes most of the less-developed countries today, or the stage they have reached in their consolidation as nation-States are far from what happens in the more "representative" economies. The native and mestizo element of their populations, as already noted, brings another dimension into economic, social and political analysis which is worthy of more detailed treatment, above all in the examination of future options.

There is no doubt that the design of strategies and plans is the responsibility of the citizens of these countries and, in fact, it can be seen that their political and intellectual circles are eager to clarify the alternatives open in this respect. There is of course an enormous amount of work to be done in consolidating economic strategies into viable political projects: a task for the representative political groups of each of these countries. In that respect, the option offered for examination in this study is no more than one item in a vast agenda for clearing up unknowns or incorporating new concerns.

Rather than offering any novelties, these pages reflect an ongoing desire to draw more attention to this part of the region. Differentiating between what is reasonable or debatable in these proposals, or between what is old and obvious or new is not the most important concern: what is much more important is to understand that we still know little about these societies and economies and that it is urgently necessary to help clarify their future path.